

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,¹

Debtors.

Chapter 11

Case No. 22-11068 (JTD)

(Jointly Administered)

Ref. No. 28586

**DEBTORS' LIMITED OBJECTION TO THE JOINT LIQUIDATORS OF THREE
ARROWS CAPITAL, LTD.'S MOTION FOR LEAVE TO DEPOSE
INCARCERATED INDIVIDUALS PURSUANT TO FED. R. CIV. P. 30(A)(2)**

FTX Trading Ltd. and its affiliated debtors and debtors-in-possession (collectively, the “Debtors”)² hereby submit this limited objection (the “Limited Objection”) to the *Joint Liquidators of Three Arrows Capital, Ltd.’s Motion for Leave to Depose the Incarcerated Individuals Pursuant to Fed. R. Civ. P. 30(a)(2)* [D.I. 28586] (the “Motion”). In support of their Limited Objection, the Debtors respectfully state as follows:

BACKGROUND

1. Three Arrows Capital, Ltd. (“3AC”), a cryptocurrency and digital assets hedge fund that has been in court-supervised liquidation since July 2022, maintained certain customer accounts on the FTX.com exchange (collectively, the “3AC Accounts”) before the Debtors filed for bankruptcy on November 11 and 14, 2022.

¹ The last four digits of FTX Trading Ltd.’s and Alameda Research LLC’s tax identification number are 3288 and 4063 respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/FTX>. The principal place of business of Debtor Emergent Fidelity Technologies Ltd is Unit 3B, Bryson’s Commercial Complex, Friars Hill Road, St. John’s, Antigua and Barbuda.

2. On June 30, 2023, the joint liquidators of 3AC (the “Joint Liquidators”) filed identical proofs of claim (the “Original Proofs of Claim”) on behalf of 3AC against each of the Debtors.

3. On November 6, 2024, the Joint Liquidators moved for leave to amend the Original Proofs of Claim (the “3AC Motion to Amend”) [D.I. 27755]. On December 5, 2024, the Debtors filed an objection to the 3AC Motion to Amend [D.I. 28587]. The Official Committee of Unsecured Creditors filed a joinder to the Debtors’ objection [D.I. 28603]. On December 12, 2024, the Court held a hearing on the 3AC Motion to Amend and took the matter under advisement [D.I. 28752]. The 3AC Motion to Amend remains *sub judice* before the Court.

4. On December 5, 2024, the Joint Liquidators filed the Motion. The Motion requests leave for the Joint Liquidators to depose three former officers of the Debtors, each of whom is presently incarcerated: Sam Bankman-Fried, Caroline Ellison, and Ryan Salame (the “Incarcerated Individuals”). (Motion ¶ 13.) The Motion asserts that the Incarcerated Individuals have “unique information relevant to both the 3AC Debtor’s claims and the FTX Debtors’ objection that the FTX Debtors do not readily possess.” (*Id.* ¶ 18.) It further states that a “critical” benefit of the requested depositions is obtaining information about “whether a 3AC person or a FTX person ordered the dissipation of over \$1.5 billion dollars of 3AC’s assets in the days before 3AC’s bankruptcy filing, and why. The Incarcerated Individuals’ knowledge is important to determining this issue relevant to the 3AC Debtor’s \$1.5 billion claim.” (*Id.* ¶ 20.) Leave has not been granted to assert any such \$1.5 billion claim.

ARGUMENT

5. The Debtors request denial of the Motion without prejudice or, in the alternative, for the Court to take the Motion under advisement until it has decided the 3AC Motion to Amend.

6. The discovery sought by the Motion would be premature while the 3AC Motion to Amend remains pending before the Court. Through the 3AC Motion to Amend, the Joint Liquidators request leave to assert claims arising from wholly new alleged facts and seek \$1.53 billion. The scope and nature of the Joint Liquidators' claims against the Debtors, and therefore the scope of the dispute, will depend on the outcome of the 3AC Motion to Amend. The scope of discovery will, in turn, depend on whether the Joint Liquidators are permitted to assert their wholly new claims. The outcome of the 3AC Motion to Amend thus impacts whether the requested depositions are necessary at all, what alleged facts and issues may be relevant at such depositions, and considerations around timing, sequencing, and preparation. The Debtors will participate in the requested depositions, but the parties should know the scope of the claims in dispute prior to pursuing any testimony from the Incarcerated Individuals.

7. The Joint Liquidators should not be permitted to impose costs on the Debtors, their estates, and third parties for discovery that may never become necessary, or that could occur in a significantly more targeted form. The Motion seeks to progress discovery that is uncertain, burdensome on the parties, and premature. As a result, it should be denied at this time.

RESERVATION OF RIGHTS

8. This Limited Objection is limited to the grounds stated herein. The Debtors expressly reserve all further substantive or procedural objections to the Motion.

CONCLUSION

9. For the foregoing reasons, the Debtors respectfully request that that the Court deny the Motion without prejudice, or that, in the alternative, the Court take the Motion under advisement until it has decided the 3AC Motion to Amend.

Dated: December 19, 2024
Wilmington, Delaware

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